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MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence  
Executive Director  
Deputy Director for Administration  
Director, Office of Legislative Liaison

FROM: Robert W. Magee  
Director of Personnel

SUBJECT: Retirement Testimony

1. The Agency has been invited to testify before the Ford Committee on 25 April on the retirement issue. It is my understanding from OLL that contrary to the invitation letter from Chairman Ford we need not circulate in advance copies of the testimony.

2. Attached is a suggested draft for the Agency's statement which I think includes no classified data. Also attached are a series of answers to questions we anticipate may be asked. Finally, Chairman Ford's invitation letter is also attached.

3. We will welcome any comments on the proposed testimony.

[Redacted Signature]

Robert W. Magee

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Attachments

Mr. Chairman:

Thank you for the opportunity to appear before this Committee to discuss the retirement system of the Central Intelligence Agency. It is an issue which is vital to the continued health of the Nation's professional intelligence service.

The United States is a world power. Developments anywhere in the world, and indeed now in outer space, can affect the national security of the United States. It is the mission of Central Intelligence to understand these developments and provide our Nation's leaders with the advance knowledge so critical to successful foreign policy. The intelligence responsibility is continually expanding. In its early days Central Intelligence dealt primarily with the threat to the United States from our major antagonists in the world. While this threat has remained our principal concern, new issues constantly arise which demand intelligence attention: technology transfer, economic and financial stability of foreign governments, world petroleum production, narcotics, terrorism, the explosion of developments in the scientific and technological fields are just some of the issues which now require daily intelligence vigilance. The United States is indeed a world power and its citizens expect this Nation to have a world class intelligence service. I am pleased to be able to say to you today, Mr. Chairman, that this Nation does have a world class intelligence service and that the leaders of this Nation are the best informed individuals in the world.

Recognizing that CIA's job is different from the rest of the Government, Congress historically has supported Agency efforts to recruit and retain

career-oriented employees dedicated to the mission of this Agency and responsive to the demands security must impose on their professional and personal lives. Such a career service now exists. Attrition rates among the lowest in the Government attest to a healthy career organization. The creation of this work force did not happen overnight or by accident. It exists because Congress and a series of Administrations were sensitive to the needs of people who spend their professional lives in the intelligence shadows.

In recognition of the unique mission of the Central Intelligence Agency, Congress has provided the Director of Central Intelligence with special authorities with respect to personnel. These authorities have no counterpart in the Federal Government. CIA is an excepted Government Agency. Consequently, CIA employees are statutorily excluded from tenure and from the protection and benefits derived by status under Civil Service laws, rules and regulations. This is as it must be since the Director must have full and final authority to say when and where an employee will serve, at what duties, and for how long.

To understand the role played by retirement in the CIA personnel system, it is first necessary to have an appreciation of the process which recruits and retains a CIA employee, a process which in some ways is similar to other organizations but which in the aggregate is unique. CIA has the most rigorous pre-employment screening process in the United States. Nowhere else is each applicant subject to such scrutiny.

A typical applicant first takes an eight-hour Agency-unique exam developed by the Office of Strategic Services in World War II and modified through the years by some of the best minds in the fields of education and

psychology. This test provides insights into an applicant's intellectual capability, temperament, work attitudes, vocational interest, writing ability and psychological profile. Those who do well on the test, who have demonstrated high achievement either in their academic or professional careers, and who have favorable personal interviews are placed into the medical/security clearance procedure.

Employment by the Central Intelligence Agency carries with it extraordinary health risks. These risks are inherent both in geographic and socio-political environments to which employees are liable for assignment. The stresses involved in highly classified work and overseas environments require us to have an extraordinarily detailed clinical and psychiatric screening for all applicants. We require not only that applicants themselves pass this medical exam, but for those in the overseas career track, dependents must be similarly cleared.

Our security/suitability screening is the most detailed in the United States Government. Every employee, from the highest to the lowest, is investigated by our own security officers in a process that covers the last 15 years of an applicant's life. Again, dependent factors can be disqualifying for the applicant. When all of the data are accumulated, we have a very thorough understanding of the applicant's entire life style. These data are validated during a polygraph interview given all applicants.

At the end of a three-year trial period, the medical/security process is repeated. It is gratifying to note that 99% of our employees successfully complete this trial period.

It is perhaps not surprising that we must consider large numbers of applicants to find the precious few who meet these demanding standards. Despite enormous difficulties, we have attracted analysts, attorneys,

doctors, case officers, engineers and scientists of the highest caliber. Meeting our recruitment requirements, however, remains one of our principal priorities. It is a never-ending struggle which can only get more difficult as we compete in the marketplace with major U.S. industries for the best and the brightest.

Entering on duty, the CIA employee becomes part of a world which is generally isolated, nomadic, idealistic, secretive and increasingly dangerous. In addition to those personal constraints common to the few in Government who hold clearances at the CIA level, our employees must endure even more severe conditions. Every five years, they are subject to a full security reinvestigation. They have no job tenure. They may not travel abroad, publish articles, marry a non-U.S. citizen, or attend international conferences without advance Agency approval. They can receive no public recognition for their professional achievements but, on the contrary, must suffer in silence innumerable calumnies.

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Most will agree that in these tense times our Nation's first line in defense is in intelligence. Recognizing this, in the past four years the government has improved immeasurably the intelligence capabilities of this Government. It would be extremely unwise to threaten this achievement by severely reducing our ability to recruit and retain the caliber of individuals we have historically attracted. The Director of Central Intelligence must have the authority to move the right people into the right places at the right time. This requires a core of personnel who are prepared to go anywhere in the world as the national interest requires. Ultimately, it also means that we must move people into retirement so that we can prepare the next generation of intelligence officials. The mandatory retirement provision in CIARDS is an important management tool which has worked well and which should be retained in any new legislation.

We find, for example, that after age 50 nearly 50 percent of our

employees are not eligible for full service medical clearances. Were we to include those who cannot travel due to family medical constraints, the figure would be even more stark. In addition to the purely clinical health hazards involved in worldwide service, Agency personnel are confronted with psychological stresses which over the long haul extract a health toll just as great. In addition to the subtle factors of cultural translocation and family disruption, there are not infrequently highly traumatic events. Scores of employees have been in foreign prisons, sometimes for years, or otherwise harassed when their Agency affiliation became known. Employees and their families confront the more diffuse crises associated with civil disorder, terrorism, and other local circumstances which are not even remotely comparable to life in the typical American suburban setting in which our employees otherwise would have remained.

One must also appreciate what the current world wide-epidemic of terrorism means in trying to manage an organization whose employees must daily confront this reality and who, because of their Agency affiliation, are particularly vulnerable. Since 1968, there have been over 8,500 terrorist incidents worldwide, over 3,500 of which were targetted against Americans. Regrettably, the end to this scourge is not yet in sight. Indeed, it is one of this Agency's most pressing responsibilities to help negate this menace. To do it we need a young and vigorous work force medically and psychologically able to handle the stress and sufficiently courageous to accept the obvious dangers involved.

Several security considerations unique to our profession buttress further our need for a flow-through personnel system allowing for early retirement. Prolonged service in operational environments increases the

risk of identification of our operatives to hostile intelligence, internal security, or terrorist organizations. Anonymity is a critical ingredient for a successful intelligence officer. Personal security inevitably erodes with time and new operatives must constantly be put into the system. To maintain balance in the personnel structure, older, more exposed individuals must be allowed to retire.

Ironically, some of the retirement proposals would cause our older employees who should leave, to stay, and our younger employees, who should stay, to leave. Our officer corps is recruited generally from the recent college graduate pool, roughly the 20 to 25 year-old age group. While it is to the Government's disadvantage to keep these people for 40 years for the reasons previously stated, it is equally disadvantageous from a security standpoint to permit them to leave our service in less than 20 to 30 years without an adequate retirement. Agency employees have access to highly classified information from the beginning of their employment. We have long recognized the inherent security risks to national security of a short-term, transient work force. Given the extraordinary sensitivity of our mission, we must have a career track which retains staff for a full career but promises them the early opportunity to retire with financial security. Therefore, continuation of eligibility for retirement with full benefits at age 50 for employees in CIARDS is essential.

Employment at CIA means work overseas, whether qualified for CIARDS or not.

-- Only  of CIA employees currently serving overseas have qualified for CIARDS; the remaining  are covered under the Civil Service Retirement System (CSRS). Unlike members of the Foreign Service, all of whom are eligible for early retirement benefits from the moment they begin their

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careers, CIA employees must earn their way into CIARDS by serving five years overseas. Given our policy of rotating people to and from the field, it takes time for employees to earn the five year credit.

Obviously some never do, which explains why, in this overseas oriented organization, only a small percentage of the staff is in CIARDS.

-- Nearly [ ] of the officers in our clandestine service presently have not qualified for CIARDS and are under CSRS.

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-- CIA has thousands of employees who have served abroad but have not yet qualified for CIARDS.

-- Nearly [ ] of Agency employees bear the lifelong burden of cover; yet, a majority of those under cover are not qualified for CIARDS.

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Overseas service is becoming more dangerous for all Americans, but especially for employees of CIA. The mortality figures for our people are grim.

-- Since the early 50s, of the nearly [ ] Agency employees who have died serving abroad, less than [ ] were CIARDS qualified.

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-- We have 50 gold stars in our entry foyer honoring our colleagues who died from hostile action or while participating in highly dangerous Agency activities. Only [ ] were CIARDS qualified.

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-- One of the two most senior CIA officers slain in hostile action overseas was the director of a headquarters analytical office.

CIA is a single and indivisible Agency with a single culture and ethic. At present there is an esprit de corps among all our employees, an Agency-wide team approach, a general state of mind that timeliness is critical, accuracy is imperative and absorption with the task at hand takes priority over personal distractions. Advancing years often bring about a

lessening of work vigor and enthusiasm. The larger the proportion of older employees, the greater the debilitating effect on the tenor of the Agency. A healthy career organization now exists. Fundamental to this health has been the successful policy which recognizes burnout as a reality and allows our employees to retire early and with dignity.

The special overseas mission of CIA justifies continuation of eligibility for retirement with full benefits at age 50 for employees in CIARDS. This is as it should be; however, the special requirements and mission of CIA involve all of our employees in a number of ways unique in the Government. This legislatively mandated special status for CIA impacts on all our people and is the basis for a personnel system different from any other agency--from recruitment to retirement. Any changes in the current retirement systems will have to be very carefully considered to ensure that potential repercussions are fully understood. We are confident that working in close consultation with our Oversight Committees, we can achieve our mutual goals.